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INTRODUCTION.

The problem of monopolistic combination is one of the most serious, perhaps the most serious, which confronts the student of economics at the present day. It is of world-wide significance, and it goes to the very roots of our social organization, demanding, possibly, a reconstruction of both the theory and the practice of our economic life. Variations of the same phenomena appear in every modern industrial state, namely the development of large business organizations, and in a greater or less degree, the substitution of monopoly for free competition. Industrial leaders and lawyers, statesmen and scientists have been compelled to face new problems the proper solution of which is of vital importance to the welfare of the individual and the state.

To meet this problem in a narrow spirit by the study of particular conditions or local experience would afford little hope of a wise solution or a successful policy. It would disregard, moreover, the fact that in some important phases the particular manifestations are international in scope and influence. The problem, therefore, must be studied as a world-problem, and the interest of each nation extends, or should extend, to the situation in other lands. For this reason, apart from all questions of purely scientific interest, the study of the monopolistic combinations in Germany, or cartells, as they are called there, is of real interest to other nations. The proper study of such a problem is not the occupation of an idle hour, nor are the opinions of superficial writers or their hasty generalizations of a vast number of very intricate phenomena over the

whole field of a nation's industry worthy of even such trivial attention. Unfortunately most of the writings on the subject are of this sort. On the other hand, there are some excellent general treatises on the subject, but their conclusions can not be regarded as final. Two things are lacking, first, a sufficient basis in the direction of detailed analysis, second, mature experience with the new economic institutions. The present study aims to contribute something toward supplying the first want by describing in detail the combinations, or cartells, in the German coal industry. The fact that their history covers a period of twenty-five years relieves it from the charge of being premature. Though the solution of the problem of monopolistic combination cannot be successfully obtained by the study of any one country, and *à fortiori*, any one industry, yet, the study of certain important cartells in detail is one of the most effective means of getting correct and vivid ideas of the real character of the problem.

Whether we consider its size, its industrial importance, or the ingenuity and perfection of its organization, there are few combinations in the world, and none in Europe, that equal or surpass the great coal cartell on the Rhine. What is equally important, and for the present purpose necessary, is that we are able to construct a remarkably clear record of its operations and of those of its rivals for a considerable term of years.

The fact that there are keen outsiders, and rival combinations in other parts of the Empire; the fact that there are important and intimate alliances with other cartells, both foreign and domestic; the fact that Germany is both an exporting and an importing country, and meets England in rivalry from the Baltic to the Mediterranean, (not to speak of other countries),

all give the problem a special interest and value. Of special interest, however, is the fact that the government (in particular the Prussian fiscus) is itself a great coal producer. The often advocated remedy for private monopoly, namely, nationalization is here put to a practical test in the most effective manner and under the most advantageous circumstances. We have therefore competition and monopoly, private ownership and state ownership in a great variety of phases. Another fact, of special interest to Americans, is that we have the opportunity of studying the growth of monopoly in a land where the railways are owned by the state, and, hence, where the combinations are unable to obtain abnormal nourishment and support from preferential rates or rebates.

It is proposed to examine the history, the organization and the practical operation of these combinations paying special attention to their policy in regard to production and price, the effect on other industries and their relations to the dealers and to labor and the problem of State control. The reader is warned that some questions which are of great importance, for example, in America are quite unimportant in Germany, and therefore receive little attention. This indeed is not the least valuable or instructive part of such a study, and helps to differentiate the accidental from the substantial features of the problem.